



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-110 – Married and Institutionalized Individuals Eligibility and Patient Pay Department of Medical Assistance Services

August 16, 2001

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Director of the Department of Medical Assistance Services (DMAS) proposes to amend the hardship rule definition used to determine Medicaid eligibility for institutionalized individuals who have spouses living in the community.

Estimated Economic Impact

This regulation specifies how local social services employees must evaluate the income and resources owned by a married couple when one spouse needs long-term care. Federal and state law requires, when one spouse is institutionalized, that a portion of the couple's resources be reserved for the support of the other non-institutionalized or "community spouse." When too few resources are reserved, it often reduces the community spouse to a life of poverty. This situation has caused some couples to consider divorce as the only option for preserving what is left of the couple's assets so that the community spouse can maintain a reasonable standard of living.

The current regulation includes a hardship rule that allows the DMAS to grant relief in situations where a denial of eligibility would constitute an undue hardship on the applicant; however, according to the agency, this provision is vague and difficult to apply. The proposed regulation establishes a more precise definition of hardship and clarifies the instances in which the Department will determine that a Medicaid applicant will be considered to face an undue hardship if Medicaid eligibility is denied. Such situations often arise when a spouse has already been institutionalized for a period of years and the task of obtaining banking and other records dating back several years proves impossible. By preventing ineligibility due to circumstances beyond their control, the proposed rule protects married couples who, in good faith, are unable to verify resources they owned at the time when the disabled or elderly spouse first became institutionalized.

According to the agency, the new language reflects the agency's current practice in determining eligibility in such cases. The proposed change, therefore, will have no effect on the number of individuals determined eligible for Medicaid, and, as a result, no expected economic impact.

Businesses and Entities Affected

Since the proposed change reflects current practice at the agency, it is not expected to have any effect on married and institutionalized individuals applying for medical assistance.

Localities Particularly Affected

The proposed change will not uniquely affect any particular localities.

Projected Impact on Employment

The proposed change will not have any impact on employment in Virginia.

Effects on the Use and Value of Private Property

The proposed change will not have any effects on the use and value of private property.